

July 15, 2019

MEMORANDUM

To: Councilmembers Bagshaw, Mosqueda, and O'Brien
From: Jeff Simms and Traci Ratzliff, Central Staff
Subject: Information on Joint Entity for Homeless Governance

In May 2018, the Mayor and King County Executive signed a memorandum of understanding agreeing to pursue the development of a single, joint entity to govern homelessness investments and programs in Seattle and King County. As part of the City's 2019 Adopted Budget, the Council adopted a Statement of Legislative Intent ([SLI 15-18-B-1](#)) that outlined a process for collaboration between the Council and the Mayor's Office to implement that goal, along with the County Executive and King County Council.

This memo summarizes information provided to the Seattle City Council Client Group, a group established by SLI 15-18-B-1 to ensure collaboration and communication between the Mayor's Office and the Council. More specifically, this memo will cover the following:

- Anticipated benefits of a unified entity for administering homeless services,
- Timeline and process to create a joint entity,
- Considerations for the governance structure of the new agency's board,
- Feedback from stakeholders on forming the new entity, and
- Programs that will be migrated from Seattle's Human Services Department (HSD) and King County's Department of Community and Human Services (DCHS).

Potential Benefits

The City and County anticipate a variety of real benefits from creating a joint entity, including:

- **Preventing duplication** of services by combining City and County funding under a single entity with a systematic view covering all services;
- **Reducing the reporting burden** for grantees, who would no longer have contracts with both the City and County with differing performance metrics and reporting requirements;
- **Ensuring a system-wide, intentional approach** to preventing and ending homelessness by centralizing system-wide planning in a single entity that administers the investments for achieving that goal; and
- **Increasing credibility among stakeholders** in the vision and steps toward ending homelessness by creating transparent pathways to inform decisions with expertise and robust community engagement.

Process for Creating a Joint Entity

The Mayor's Office and the County Executive have contracted with the National Innovation Service (NIS) to manage the creation of the joint entity and have adopted a process proposed by NIS that includes a set of work groups and a steering committee. The four work groups are:

- **Organizational Stand-Up:** Drives the administrative and operational work necessary to establish the joint authority, including planning and executing processes and procedures.
- **Community Engagement:** Design and drive collaborative and meaningful engagement with providers, customers, advocates, and key stakeholders within the homeless service system.
- **Policy and Planning:** Identify and consolidate into the joint entity the policies, programs, and regulations that will define the work to end and prevent homelessness.
- **External Affairs:** Develop and carry out a public communications plan for the public.

The four work groups are overseen by a steering committee. The steering committee serves as an advisory and accountability body to the Mayor, County Executive, and Councils. It provides process management, coordination, and strategy for the working groups to shape the final proposal for a joint entity that the Seattle and King County Councils will vote on.

Figure 1: Process and Accountability Structure for Creating a Joint Entity on Homelessness

Working Groups

Process and implementation



Assuming the legal pathway will be the creation of a public development authority (PDA), as discussed below, it is anticipated that both the City and County will adopt via ordinance an interlocal agreement (ILA) outlining the traits and structures of the joint entity. The County would pass a charter for the PDA. After creation of the entity, the City would enter into an ILA with the PDA, similar to how funds are provided to Seattle King County Public Health.

Regional Action Plan

Parallel to the process to create a joint entity, a policy and strategy document is under development to guide the work of the joint entity. This document, the Regional Action Plan (RAP), will build from the system audit and set of recommendations developed and presented to the Council by NIS in December 2018 and a fiscal analysis of the region's homelessness investments to be completed by Focus Strategies. The RAP will provide action-oriented solutions to the challenges identified, including metrics and milestones to track progress. It recommends sequencing of projects and identifies likely project costs.

A draft of the RAP will be provided to the Client Group in early August. The final RAP will be released in September. While the RAP will be a living document, it is anticipated that the ordinance adopting the ILA will refer to the policy direction provided by the RAP.

Legal Pathway for Creation

There are multiple options for creating a joint entity, such as creating a public development authority (PDA) or creating a public nonprofit through the joint powers authorities provided in [RCW 39.34.030](#). The analysis completed to date suggests that the choice between the two legal pathways will not dramatically impact the work of the joint entity. The only significant difference between the two is that a PDA would have the authority to issue bonds, while a nonprofit would not.

The Mayor's Office has continued its work with the Seattle Department of Human Resources assuming the legal structure will be a PDA. A plan will detail the number of employees that will transition to the new entity, how to carry out such transition, and details on pension plan enrollment, health benefits, wage scales, and supervisory structures - all expected by late July.

Tentative Timeline for Entity Creation

The current goal is to introduce legislation in the City and County Councils in early fall 2019 to approve an interlocal agreement and the other documents necessary to create a joint entity. To accomplish this goal, presentations to the City's Select Committee, preceded by meetings with the Client Group to provide initial feedback, are planned as follows:

Date	Client Group Presentation	Select Committee Presentation or Vote
July 11, 2019	Programs moved in or out.	--
July 22, 2019	--	Short Update on Work Underway, discuss RAP.
July 30, 2019	Review draft ILA, charter, and human resources plan.	--
August 8, 2019	Review draft RAP. Continue review of ILA, charter and HR plan.	--
August 12, 2019	--	Preview of ILA and charter.
September 13, 2019	--	Consider ordinance.

Sample Structure

The joint entity would be overseen by a governing board, similar to how a non-profit has a board with fiduciary responsibility. Exploration on who would comprise the governing board is ongoing. At this time, the following stakeholder groups have been mentioned as potential members of the governing board or groups for whom board members must be able to act as emissaries:

- People with lived experience of homelessness
- Service provider representatives
- Philanthropy
- Business community
- Labor
- Public Health
- Governmental Housing Agencies or Offices

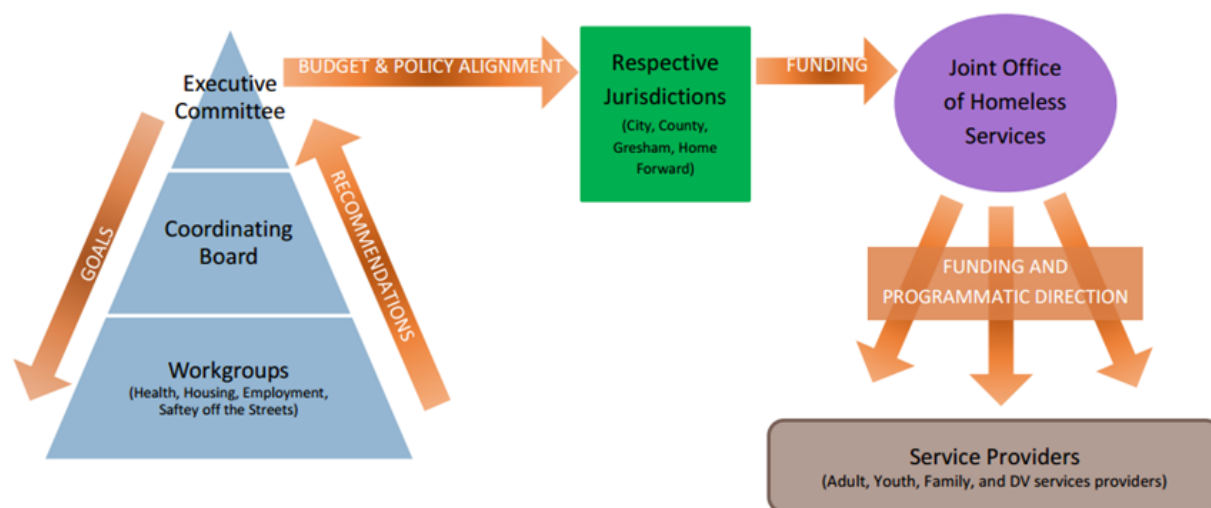
There seems to be consensus that the governing board would be supported by a small number of work groups that would be staffed by employees of the joint entity. The working groups would create a pathway for all interested stakeholders to participate in the policy process. For example, although there would be ethics concerns with giving membership on the board to service providers currently contracted with the joint entity, service providers could provide their expertise through the working groups.

At this time, it appears that elected officials could not serve on the governing board because of the incompatible offices doctrine. This is a common law doctrine that provides a person should not serve in two offices when one office is subordinate to the other, such as controlling the office's funding. The Washington Legislature has the authority to overrule the doctrine by statute, which it has done with such institutions as Sound Transit and Seattle-King County Public Health.

Models to Emulate

The structure currently used in Portland/Multnomah County, displayed in Figure 2, is generally seen as an approach that could be adapted to meet the needs of Seattle and King County. In that model, governance resides in a Coordinating Board that has an Executive Committee and multiple working groups. The Executive Committee is the primary governing body for the joint agency and the Coordinating Board is assigned the duties and authority of a Continuum of Care (CoC) Board (e.g., selection of projects for in the CoC application, maintenance of the CoC data system, etc.) as required by the U.S. Department of Housing and Urban Development for all CoCs. The Coordinating Board is only an advisory body to the Executive Committee for all other matters. The Coordinating Board has multiple work groups with representation from service providers, culturally specific providers, people with lived experience of homelessness, public health, education, law enforcement, labor, and other stakeholders. Figure 2 illustrates the structure of this organization and its interactions with the respective City and County Council's and joint entity for homelessness.

Figure 2: Governance Structure of Portland/Multnomah County's Joint Office on Homeless Services



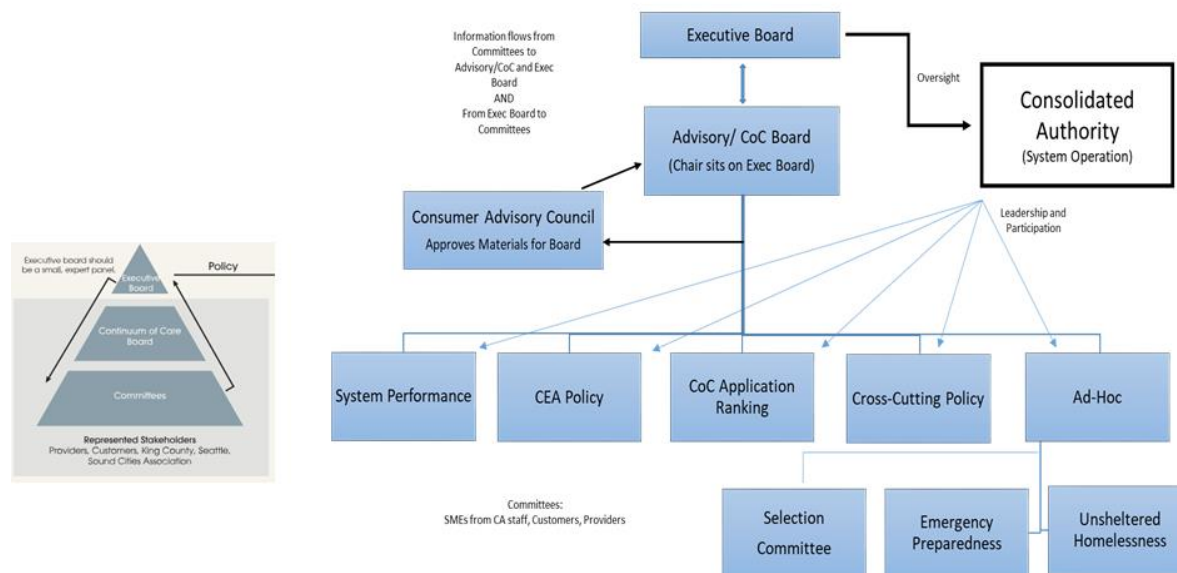
Note. Orange arrows indicate the active, transactional spaces in between entities.

In the Portland/Multnomah County model, the Executive Committee communicates goals to the Coordinating Board. The Coordinating Board, through its workgroups, makes recommendations to the Executive Committee. The Executive Committee then aligns the vision and direction of the Coordinating Board with funding amounts to make funding recommendations to the City and County Councils. Funding recommendations identify interventions for specific populations but do not specify programs or providers. The City and

County Councils appropriate funds to the joint entity, which administers all contracts for homeless services, such as releasing funding announcements and selecting recipients.

A chart displaying a similar structure as the Portland/Multnomah County model (Figure 3) was presented to the All Home CoC board in January 2019. In this model, there would not be overlap in membership between the Advisory/CoC Board and the Executive Board except for the Chair of the Advisory/CoC Board. The structure in Figure 3 does not display the relationship that the Seattle City Council and King County Council have with the Executive Board and Consolidated Authority, but it is understood that recommendations for funding would still be provided to each Council, which would then appropriate funds to the joint entity.

Figure 3: Governance Structure Presented to the All Home CoC Board



Feedback from Stakeholders

Through regular meetings of workgroups and workshops with specific stakeholders, NIS is gathering input from a variety of stakeholder groups to identify the ideal functions, skills, and characteristics of the governing board that would have jurisdiction over the joint entity in Seattle and King County. A synthesis of that input to-date was presented to the Client Group on July 11, 2019.

On May 6, 2019, the Client Group met with a group of service providers and stakeholders to obtain their input. Providers were generally supportive of moving forward with the creation of a single government entity as long as it was done as expediently and easily as possible so that attention could then be turned to the more important questions of how to address homelessness and locate the necessary resources to respond to the problem. They seemed to assess stepping away from this work as politically costly and unnecessary, as long as the goal of

the entity was not conflated with the larger issues that must be addressed. They also shared a range of outstanding questions and key insights that they felt should inform the continued work to create a joint entity. Those are captured in a memo to the Client Group summarizing service provider feedback that is attached as Appendix A.

Programs Migrating to Joint Entity

The Mayor's Office and County Executive have agreed on what programs would be moved into the joint entity from HSD and DCHS. Presentations have been made to the Client Group and Regional Policy Committee outlining this proposal. However, final details on the funding sources and amounts that will be moved has not been provided. It is possible that programs may need to be migrated in stages rather than all at once.

Anti-poverty and population-specific service systems for veterans and older groups would stay in HSD and DCHS. These programs have been referred to as "upstream prevention" programs during the presentations. For example, the Law Enforcement Assisted Diversion (LEAD) program would not be moved to the new entity. The Navigation Team would remain with HSD because it is tied to the City's use of police powers that cannot be delegated (i.e., coding and regulations). Likewise, the capital and operations and maintenance components of permanent supportive housing would not transition to the new joint entity. Only the services associated with permanent supportive housing would be managed by the joint entity. All other programs and functions typically associated with the homelessness response system would move to the joint entity, including emergency shelter, Tiny House Villages, prevention of imminent homelessness, diversion, day and hygiene centers, homeless nutrition programs, transitional housing, and rapid re-housing. All the functions of the Continuum of Care would be transitioned to the joint entity and its governing board.

Appendices:

- A. Memo to Client Group: Summary of Service Provider Feedback on Joint Homelessness Entity

cc: Kirstan Arestad, Central Staff Director
Aly Pennucci, Supervising Analyst

Appendix A: Memo to Client Group: Summary of Service Provider Feedback on Joint Homelessness Entity

May 9, 2019

MEMORANDUM

To: Councilmembers Sally Bagshaw, Teresa Mosqueda, and Mike O'Brien
From: Jeff Simms and Traci Ratzliff, Central Staff
Subject: Summary of Service Provider Feedback on Joint Homelessness Entity

On Monday, May 6, the Client Group met with a group of service providers and stakeholders, including the Downtown Emergency Services Center, Public Defenders Association, Seattle/King County Coalition on Homelessness, and SEIU 1199, to discuss the process and goal of creating a joint entity on homelessness. The following memo summarizes the input that was provided and the outstanding questions that these providers have.

In summation, providers were generally supportive of moving forward with the creation of a single government entity as long as it was done as expediently and easily as possible so that attention could then be turned to the more important questions of how to address homelessness and locate the necessary resources to respond to the problem. They seemed to assess stepping away from this work as politically costly and unnecessary, as long as the goal of the entity was not conflated with the larger issues that must be addressed.

Key points shared:

In addition to the overall reaction to creating a joint entity, the following input was provided.

1. **Proceed Expeditiously:** Achieving the bureaucratic improvements as a first step toward the larger issue of resources to address the problem is logical but should be done expeditiously without substantially burdening contracted agencies to achieve that improvement.
2. **Issue of Resources:** The more significant concern is sufficient resources to address the scale of need in the community. This concern applies whether or not a new entity is created.
3. **Other Service Systems:** In keeping with the findings of One Table that the criminal justice and child welfare systems feed into and exacerbate homelessness, City clients should insist that people leading reform efforts in those sectors be asked to provide input on the Regional Action Plan (RAP). Public and community-based public health leaders should also be asked for input.
4. **Messaging to Suburbs:** Consideration of how the joint entity is messaged to suburban cities is important. The terms "regional" and "governance" could be problematic and a

potential affront to suburban cities if they perceived themselves as separate from such “regional governance”. It may be better to use “Seattle/King County Homeless Services Agency” or something similarly benign and matched to the actual deliverable. This would accurately present the new entity as an endeavor to administer the homeless system funds of Seattle and King County’s respective jurisdictions.

5. **Contract Management:** The joint entity should adopt King County’s practice of putting only some groups of homeless services contracts out for bid each year rather than putting all homeless services contracts out for bid at the same time.
6. **Performance Penalties:** The current performance incentive system only creates a dynamic where the best case for a contracted agency is that it recoups all its costs, rather than rewarding innovation and exceptional work. Penalties create financial challenges and uncertainty for agencies.
7. **Stakeholders to Include:** Stakeholders that typically foster or undermine an environment for regional civic change should be consulted throughout the development of the RAP. They will be most impacted by plans to address larger issues regarding homelessness, such as new taxes or business practices. Stakeholders engaged should include business, labor (trades and service unions), neighborhood advocates, law enforcement, criminal justice reform advocates, healthcare leaders, and nonprofits delivering homelessness services.
8. **Link to Housing:** It is critical that the new entity collaborate with the Seattle Office of Housing (OH) and have shared vision for how to create and operate permanent supportive housing (PSH), especially with the new entity’s role in providing funds for operations and services. HSD does not fully understand its role in supporting PSH, and alignment with OH needs improvement.

Outstanding Questions

The following questions were raised during and as a result of the conversation as areas the Council needs greater clarity.

1. **Theory of Change:** What is the theory of change motivating the creation of a joint entity? Is the creation of the Regional Entity first intended to address the need for policy/program/outcome alignment and efficiency and then look at strategies to generate additional revenues to support homeless services and housing? Will there be an effort to seek independent taxing authority for this entity at some point? Can we define the thread that connects the Regional Governance and RAP work?
2. **Purpose of Work Groups:** What are the planned work programs and expected deliverables for the four working groups?
3. **Suburban Buy-In:** Do suburban cities support creation of a regional entity and participation in it? What is the strategy to ensure suburban cities support the creation of a joint entity and will participate in that regional entity? In planning for a regional governance entity, are stakeholders at the table considering the relevance of suburban cities buy-in to long-term success of any new entity and a Regional Action Plan?

4. **Input on Regional Action Plan (RAP):** How will CSH collect input from stakeholders in the development of the RAP? Will this be done on the front end, during development, or after completing a draft? Who will be specifically consulted in the development of the RAP? Do we have the “right” problem statement; and is it one that has broad buy-in? Is the current set-up for devising this plan appropriately scaled? Will people with a strong understanding of other service systems (e.g., housing) and connections to homelessness provide input into the RAP?
5. **Retaining Good Practices:** Are King County staff concerned that some of their contracting practices will be difficult to sustain in an integrated entity? Do they feel the joint entity will be able to maintain their strong relationships with other service systems to have an effective, wholistic approach to homelessness? What features should the joint entity have to ensure the ability to engage other service systems in the work to end homelessness?
6. **Funding Responsibility:** Currently, the City makes General Fund investments in homeless services. The County only invests voter-specified levies (e.g., Best Starts for Kids and the Veterans, Human Services, and Seniors Levy), restricted funds (e.g., Mental Illness and Drug Dependency sales tax revenue) and federal pass-through funds in homelessness. How does ceding City General Fund dollars to the new joint entity impact the responsibility of the City and County to support homeless services and how might this impact the balance of power between the City and the County?
7. **Coordination with OH:** How will the new entity coordinate with the OH and housing authorities, especially to ensure operational and service funding for permanent supportive housing?

cc: Kirstan Arestad, Central Staff Director
Aly Pennucci, Supervising Analyst